



Department of
**Environment &
Conservation**

Non-Title V Fee Second Webinar

May 25, 2018

Key Topics for Discussion

- APC Services and Successes
- Fee Revision
 - Updated Revenue and Expense Projections
 - Current Non-Title V Fees Structure
 - Options for Changing 2020 Fees
- Stakeholder Input & Survey Results

Non-Title V vs. Title V

- **Non-Title V** facilities consist of true minor and conditional major facilities with the potential to emit (PTE) emissions limits of less than 100 tons per year of each criteria pollutant, less than 10 tons per year of a single hazardous air pollutant (HAP), and less than 25 tons per year of any combination of HAPs. Conditional major facilities have taken an enforceable restriction to reduce their PTE below the major source emission levels.
 - **Approximately 1200 Non-title V facilities in Tennessee**
- **Title V (Major Source)** facilities are those with PTE of 100 or more tons per year of any criteria air pollutant, 10 or more tons per year of any single HAP, 25 or more tons per year of any combination of HAPs. This includes facilities subject to acid rain requirements under Title IV of the Clean Air Act.

Typical Non-Title V Services

- Review air permit applications and issue construction permits to new and modified sources of air pollution.
- Issue permit amendments and conduct operational flexibility determinations.
- Issue/renew operating permits to ensure compliance with state and federal regulations.
- Inspecting air pollution sources to ensure they are operating in compliance with regulations.
- Conduct and review visible emissions evaluations.
- Review annual and semi-annual reports to ensure compliance with conditional major requirements.

Typical Non-Title V Services

- Provide the public with information about facilities including regulatory documents, reasons for regulatory decisions or actions, legislative and media inquiries.
- Coordinate with the EPA to address public concerns regarding a facility or an industrial sector.
- Responding to complaints from the public regarding air quality concerns.
- Provide continuing education for regulated entities.
- Update state regulations to maintain compliance with federal standards, and increase quality of permitting.

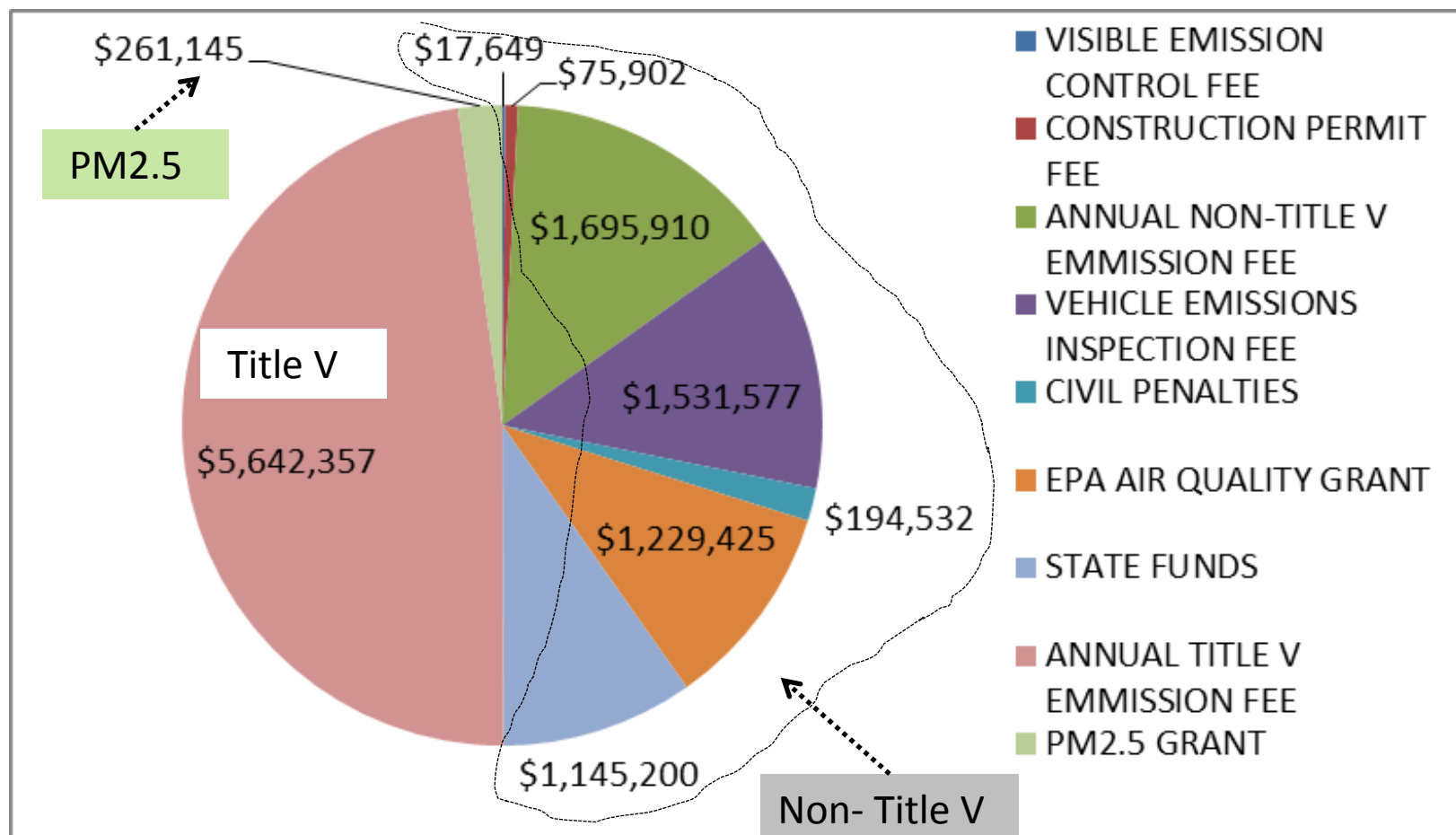
Success of the APC

- Air Quality in the State of Tennessee has improved dramatically in the last 20 years.
 - TN is in “attainment” status for the six criteria pollutants in all locations of the State with the exception of a small area in Kingsport.
- APC’s Non-Title V permitting, inspection, enforcement, and regulatory staff provide the expertise and services to maintain and improve air quality in the State.

The Benefits of Clean Air

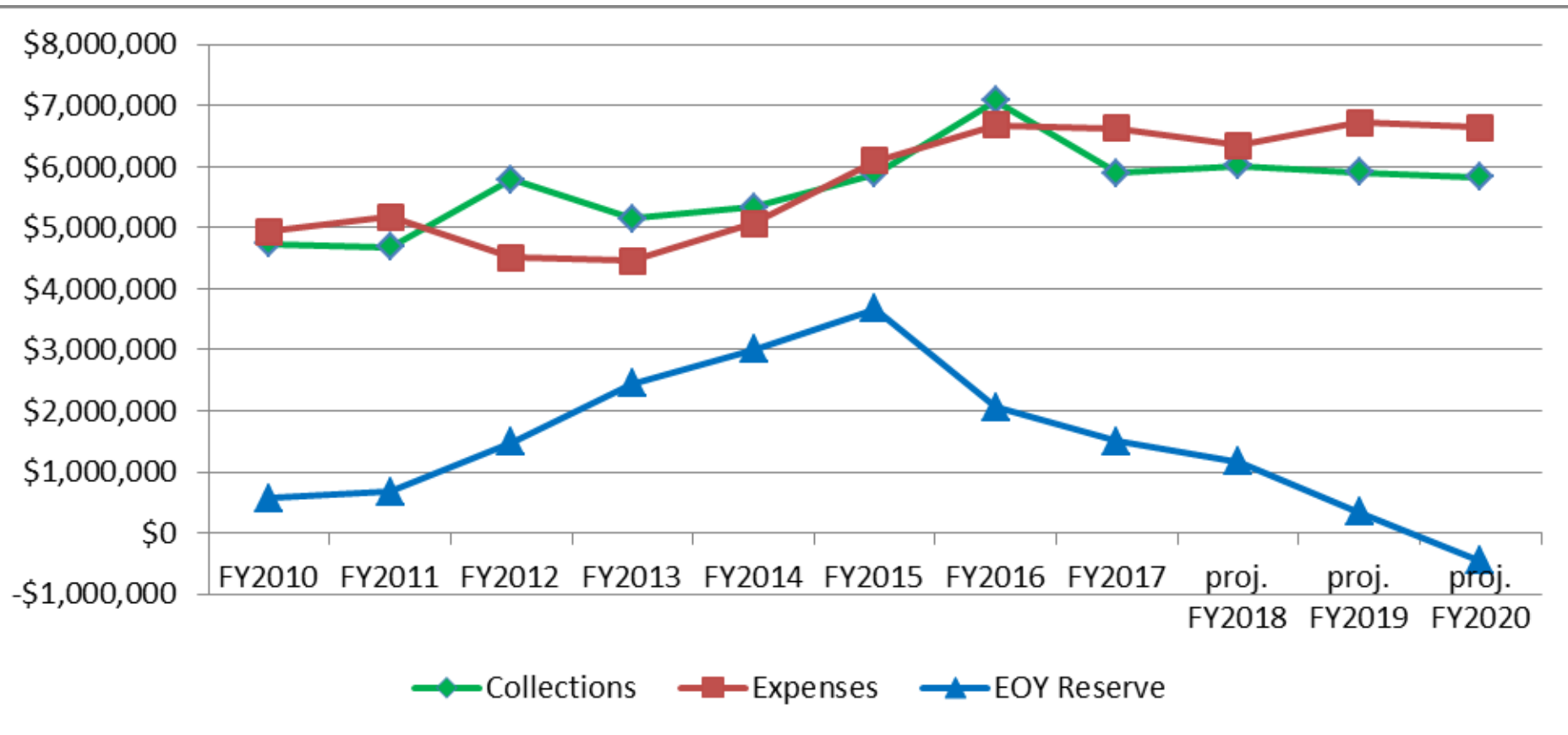
- Being in “attainment” status removes potential regulatory limitations to economic development that are present in non-attainment areas.
- Cleaner air provides an economic benefit to tourism and recreation industry through visibility improvements.
- Cleaner air means fewer lost workdays or lost productivity due to illness caused by air pollution.
- Citizens save money on health costs because of clean air. Benefits are greatest for those most susceptible to illness, children and the elderly.
- However, these benefits come at a cost.....

What Does APC Collect in Fees?



Note: This chart is a simplified representation of APC funding. Actual budgetary and accounting information is much more complicated. Does not include “pass-through” funds or one-time funding. Does not include payments to counties as part of I/M program.

Historical and Projected Income vs. Expenses and End-of-Year Reserve*



*Updated with revenue and expense data as it becomes available

Budget Forecast and Considerations*

- **Non-Title V Reserve** - Depleted in Fiscal Year 2019
- **FY2020** - Non-Title V expenses Exceed fee Income
Projected Shortfall is between \$800,000 - \$1,000,000
- **Tennessee Environmental Protection Fund Act**
Fees authorized by TN Code § 68-203-103

*Estimates are subject to change as revenue and expense actuals become available

Cost Savings Initiatives

- Participation in Statewide Alternative Workplace Solutions Pilot Project
 - Preliminary results show an increase of productivity
 - Real estate cost savings to be realized upon leases ending or renegotiation
- Select staff positions will remain unfilled due to personnel retirements
- Maintain a staff vacancy rate of 16% through FY2019
 - Fill only limited positions to ensure vital services are provided and succession plans are maintained
- Diligent review of monthly expense reports to ensure accuracy
- Evaluation of all aspects of APC operations to find efficiencies and savings
 - Reorganization to Sector-based Permitting
 - Permit-by-rule & General Permit

Justification for Fee Revisions

Even with cost savings, an increase to Non-Title V fees is necessary to provide adequate revenue

- Non-Title V Fee increase will provide adequate funding for the critical services to the citizens and businesses in Tennessee ensuring a healthy environment and the optimum conditions for further economic growth.

The revenue from the fee increase will be used to:

- Meet expenses
- Restore an operating reserve
- Provide stability for continued regulatory challenges in upcoming years

Current Non-Title V Emission Fees

- **Current Allowable Emissions \$/ton fee is at the Statutory Limit of \$18.75/ton which was established in 2011**

Cor fee'	Total Allowable Tons Per Year	Review Fee	# of Facilities that Pay this Rate	Permit review
	0-50 Tons/Year	\$250	38	
	50.1 – 100 Tons/Year	\$500	77	
	100.1 – 250 Tons/Year	\$1000	152	
	250.1 and up	\$2000	48	

- Payment is due annually based on the schedule for which county the facility is located

Average amount collected over the past three years is

\$1,695,910

Construction Permit Fees

Anticipated Maximum Emission Rate	Permit Fee	Avg. # that pay this rate
Less than 10 Tons/Year	\$100	143
10 to < 100 Tons/Year	\$500	128
100 to < 250 Tons/Year	\$1000	11
250 to < 500 Tons/Year	\$2000	0
500 to < 1000 Tons/Year	\$3000	0
1000 to < 5000 Tons/Year	\$4000	0
5000 and Greater Tons/Year	\$5000	0

- Payment is due with the application
- Statutory Limit is \$7,500
- Average annual amount collected is \$89,300

Construction Permit Fees – Permit Modifications

- Revisions to an existing permit which will result in an increase in emission limits
 - 50% of Construction Permit fees
 - Not to exceed \$500
 - Payment is due with the application
- Change to a source that will require a new construction permit
 - 50% of Construction Permit fees
 - Not to exceed \$500
 - Payment is due with the application
- Average annual amount collected is \$11,800

Anticipated Maximum Emission Rate	Permit Fee	Avg. # that pay this rate
Less than 10 Tons/Year	\$50	50
10 to < 100 Tons/Year	\$250	31
>= 100 Tons/Year	\$500	6

Visible Emissions Evaluation Course (Smoke School) Fees

- Current Fees –
 - Initial Certification Tennessee Applicant - \$125.00
 - Initial Certification Out-of-State Applicant - \$175.00
 - Recertification Tennessee Applicant - \$95.00
 - Recertification Out-of-State Applicant - \$125.00
- Payment is due when registering for Smoke School (held twice per year per the EPA Method 9 certification requirements)
- Average amount collected past three years is \$17,649
- Private Firms offer this training at the following rates:
 - \$240 to \$415 for initial certification (lecture and field certification)
 - \$200 to \$265 for recertification (field certification)

Options for Changes to Non-Title V Fees

- **Non-Title V Annual Fees**

- An increase of the \$18.75/ ton annual fee will require a change in State statutes. This is a lengthy process with no guarantee of legislative or Governor's approval.
- **What can be done to modify Annual Fees?**
 - Increase the Conditional Major "review" fee.
 - Add a base fee for all sources (and/or minimum fee)

Options for Changes to Non-Title V Fees

- **Construction fees**

- Revise/Re-structure fee schedule to increase fees (within max allowed by statute)
- Increase maximum fee , currently \$5,000 – statutory limit is \$7,500
- Increase modification fee, currently \$500 – statutory limit is \$7,500
- Add modification fees for permit amendments requested by permittee (e.g., extending expiration date, changing recordkeeping)
- Add fee for “operational flexibility” determinations for non-Title V sources
- Add fee for “insignificant activity” determinations for non-Title V sources when rules require such determinations
- Expedited permit fees

Options for Changes to Non-Title V Fees

- **Add Fees for General Permits**
 - One-time fee at issuance that covers operation for the remaining term of the permit
 - Different fees for different types of General Permits
- **Add Fees for Permit-by-Rule**
- **Fees for Services provided by APC**
 - Air Quality modeling review
 - Stack test observation and review
 - Other services
- **Increase Smoke School Fees**



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Survey Results

Survey Results

- Survey questions fell into three categories
 - Ranking of options from most acceptable to least acceptable.
 - More information about each option and a scale of how acceptable that particular option is.
 - Questions about if a face-to-face meeting is desired and when and where such a meeting might be.
- Received a total of 60 responses.

Survey Results

- Most acceptable options:
 - Increase Construction Permit fees
 - Increase review fees for Conditional Major sources
 - Add a fee for general permits
 - Add a fee for permit modifications
 - Increase fees for source modifications
- All options will still be considered and weighed as to overall effect on reaching the goal of the fee changes and their impact on businesses.

Survey results

- There was a slight preference for fee changes being weighed more towards construction than operating.
- Respondents disfavored a base fee by a moderate amount.
- Respondents disfavored charging a fee for permit amendments, operational flexibility determinations, insignificant source determinations, and permit-by-rule.
- There was a slight preference for charging a fee for general permits.
 - There was also a preference for charging different fees for different types of general permits (i.e. Dry Cleaners and Concrete Batch Plants).

Survey Results

- Most respondents felt that the fees should remain the same for 5 years with the next option being for 10 years.
 - The last fee change was made 7 years ago.
- A majority of respondents also wanted a face-to-face meeting with morning time being preferred. The most requested locations were:
 - Nashville
 - Jackson
 - Knoxville
 - Chattanooga



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Other Stakeholder Input

Summary of Comments and Questions Received via Email

- a question regarding whether the state/APC controls its budget
- a question regarding whether APC will have future needs to increase fees to run its programs
- a question about how the improved system for charging time will affect expenses and whether that change is temporary or permanent
- a recommendation to revise/restructure the fee schedule
- a recommendation to charge fees for insignificant activities (with reduced fees if the applicant provides sufficient information to make a determination)
- a recommendation to charge fees for general permits

Stakeholder Process – Tentative Dates

- Email to all non-Title V sources– 4/4/2018
- Kickoff Webinars - 4/18/2018 & 4/26/2018
 - present information & solicit input
 - response to survey due 4/30/2017
- Second Webinar – 5/25/2018 - **revised date**
 - review stakeholder input including survey results
- Third Webinar - **6/15/2018 – DATE REVISED – Subject to Change**
 - present analyses and strawmen
- **Face-to-Face Meetings at TDEC Environmental Field Offices**
 - **Jackson, 6/18/2018, 9:00 am central time**
 - **Knoxville, 6/20/2018, 9:00 am eastern time**
 - **Nashville, 6/22/2018 , 9:00 am central time**
- Stakeholder Comments on Strawmen – date TBD
- Other Outreach
 - Statewide & Regional Organizations
 - Presentations at Conferences and Meetings

Rulemaking Process – Tentative Time Frame

- Initial Board Briefing – 3/14/18
- Stakeholder Process – April through July, 2018
- Second Board Briefing with proposed rule – 8/8/2018
- Public Notice with Proposed Rule – No Later than 8/22/2018
- Webinar to Discuss Proposal - ~ two weeks after public notice
- Public Hearing – 10/16/2018
- Board Adoption – 11/14/2018
- File with Secretary of State – No Later than 1/16/2019
- Effective Date of Rule – 4/16/2019
- Change in Fees Effective FY2020 (starts 7/1/2019)

New Non-Title V Fee Website

- <https://www.tn.gov/environment/program-areas/apc-air-pollution-control-home/apc/permits-air/permit-fees/non-title-v-permit-fees.html>
- Go to www.tn.gov/environment
 1. Select "Permitting"
 2. Select "Air Permits"
 3. Select "Permit and Annual Emission Fees"
 4. Select "non-Title V Annual Fees " or "Construction and Modification Application Fees"

New Non-Title V Fee Website

- Current Rules
- Stakeholder Information
 - Webinar Information
 - Analysis Tools
 - Presentations
 - Stakeholder Comments
- Proposed Rule Revisions

We Value Your Input

- Submit comments and questions by email to:
 - air.permitting.permits@tn.gov
 - Include phrase “non-Title V fees” in subject line of email
- Small businesses may contact Tennessee’s Small Business Environmental Assistance Program at:
 - bgsbeap@tn.gov

Summary of Fee Change Proposal

- APC is committed to maintaining and improving air quality through the various services provided to businesses and individuals. Current fee revenue is not sufficient to support necessary operations.
- APC needs to collect fees that appropriately support the required level of service.
- APC is committed to controlling operational expenses.
- APC's goal is to be transparent and receptive to stakeholder input throughout this process.